

*United States Court of Appeals
for the Second Circuit*



**BRIEF FOR
APPELLANT**

76-7513

To be argued by
MICHAEL C. DUBAN

In The
United States Court of Appeals
For The Second Circuit
—
WEST & COMPANY, INC.,
Plaintiff-Appellant-Appellee,

vs.

ARICA INSTITUTE, INC.,
Defendant-Appellee-Appellant,

vs.

WEST & COMPANY, INC., STEVEN WEST, STEVEN
WEST d/b/a MacDONALD-WINCHESTER PUBLISHERS,
and JONATHAN ADVERTISING, INC.,
Counterclaim Defendants-Appellants-Appellees.

**BRIEF FOR PLAINTIFF-APPELLANT-APPELLEE AND
COUNTERCLAIM DEFENDANTS-APPELLANTS-APPELLEES**

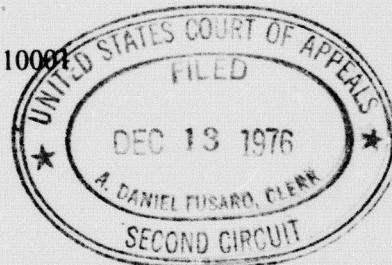
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UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

----- X

WEST & COMPANY,

Plaintiff-
Appellant,

-against-

ARICA INSTITUTE, INC.,

Defendant-
Appellee,

-against-

WEST & COMPANY, INC., STEVEN
WEST, STEVEN WEST, d/b/a MACDONALD-
WINCHESTER PUBLISHERS and JONATHAN
ADVERTISING, INC.,

Counterclaim-
Defendants-
Appellants.

----- X

STATEMENT OF ISSUES

There is presented here for review the determination of
Judge Stewart in the District Court (R., 8a), which found that
the appellant had infringed upon the appellee's trademark on
the supplemental register entitled PSYCHOCALISTHENICS, granted
an injunction in favor of the appellee, and ordered certain
other incidental relief against the appellant.

The issues which are to be determined by this Court are:

1. Is the trademark PSYCHOCALISTHENICS a merely descriptive or generic mark, so as to prevent registration thereof or protection in any form?
2. If it be deemed that the mark is descriptive, has the mark acquired any secondary meaning in identifying the mark with the source of the mark?
3. Are the terms and conditions of the order and judgment in excess of that which is necessary to protect the rights of the appellee to the mark upon this record?

STATEMENT OF THE CASE

Appellant, WEST & COMPANY, commenced an action against ARICA INSTITUTE, INC., hereafter referred to as ARICA in New York State, alleging a misappropriation of plaintiff's service mark PSYCHO-CALISTHENICS. ARICA removed the action to the United States District Court, invoking the original jurisdiction of that Court pursuant to 15 U.S.C. Section 1121 and Section 1125 (a), commonly known as the Lanham Trademark Act. In addition, ARICA commenced a counterclaim against other defendants, who, it is conceded, were and are acting in privity with WEST & COMPANY, and these parties will hereafter be collectively referred to as WEST.

Shortly after the removal of the cause to this Court, ARICA sought a preliminary injunction, which after a brief evidentiary hearing, was denied by decision of Judge Gagliardi (R. 42).

The decision on the motion for temporary injunction essentially found that PSYCHOCALISTHENICS as set forth by ARICA was a merely descriptive term and the evidence before the Court on the motion was insufficient to establish the development of a secondary meaning (R. 46a, 47a).

At the trial, STEVEN WEST, the principal of the plaintiff, testified as to the origin of the name PSYCHO-CALISTHENICS in 1972, and his interest in humanistic psychology. A service mark in New York State was obtained in 1974 and an application for United States Trademark was made in October, 1974. This was thereafter rejected in August, 1975, upon a finding that the mark was "merely descriptive".

In the Fall of 1975, WEST advertised extensively, using the mark as the title for his book, which had been published, and for cassette programs in three separate areas, namely, dieting, smoking habits and sexuality.

ARICA, a non-profit organization, organized in 1971, involved itself in personal development with the creation of training courses, one of which was initially denominated "GYM",

but thereafter, and ~~some~~ time in 1973 was changed to PSYCHOCALISTHENICS.

ARICA gives its courses in several foreign countries, and has a substantial number of people participating in its training programs, with substantial expenditures of money in the promotion of its activities, only one part of which is the PSYCHOCALISTHENICS part of its training program.

In addition to substantial advertisement, it was indicated that ARICA intends to publish a book through Simon & Schuster under the title PSYCHOCALISTHENICS.

POINT I

THE TRADEMARK PSYCHOCALISTHENICS
IS MERELY DESCRIPTIVE AND CANNOT
BE PROTECTED IN THE ABSENCE OF
SECONDARY MEANING.

The threshold issue of this appeal is the determination in the first instance, of what type of a mark is before the Court, since the response to this inquiry will determine the registrability either directly or by the use of secondary meaning, and thereafter, the right to relief furnished to the Appellee in the Court below.

The dictionary definition of the component words of the trademark are as follows, from the Oxford English Dictionary,

Oxford University Press, 1971:

Calisthenics: The practice or art of performing gymnastic exercises for health, strength or grace.

Psycho: In modern use since the 17th Century; taken as a formative with sense of mind, psychic, organism, mental and physical; mainly in scientific compounds.

It is not intended here to dissect the word, which, as Courts have pointed out, may well lead to error.

In Cummins Engine Co., v. Continental Motors Corp., 319 F2d 892, (C.C.P.A., 1966), the mark before the Court was TURBODIESEL, for the engines manufactured by the plaintiff for some years. It had been denied registrability by the Court below, on the ground that it was without trademark significance and was incapable of denoting the origin of the manufacturer. This was affirmed on appeal by a simple recourse to the dictionary meaning of the two separate words, which were common descriptive items, and having been joined together, do not thereby obtain registrability. This decision was adhered to even though there was evidence of some \$400,000.00 expenditure by the plaintiff in the marketing of its trademarked engine.

Contrasted to this, is the holding in Aluminum Fabricating of Pittsburgh v. Season-All Windows Corp., 259 F2d 314 (2nd Cir., 1958), where after ten years use and popularization,

plaintiff secured a registered trademark for SEASON-ALL in the storm window field, which was held to be sufficient as a mark to prevent the defendant from using the same name. Judge Lumbard, in holding the mark to be not merely descriptive, observed that had the mark been reversed to read ALL-SEASON, the decision would have gone the other way, since the latter formulation was generic.

It is submitted that the thrust of such a holding is significantly diluted when the record discloses that the principal officer of the defendant was a former officer of the plaintiff in its New York operation, and the decision can well be placed with the cases which protect the plaintiff against the predatory business practices of the defendant, who, in bad faith, sought to capitalize on the business of the plaintiff and its mark.

This Court has had occasion recently to restate the basic principles of trademark law in order to lend some order to the seemingly contradictory decisions here and elsewhere, Abercrombie & Fitch Company v. Hunting World, Inc., 189 U.S.P.Q. 759 (2nd Cir., 1975), and made reference to the middle ground of the suggestive mark which is defined in the words of the Court in Stix Products, Inc. v. United Merchants & Manufacturers, Inc., 295 F. Supp. 479, 488 (S.D.N.Y., 1968)

"a term is suggestive if it requires imagination, thought and perception to reach a conclusion as to the nature of the goods. A term is descriptive if it forthwith conveys an immediate idea of the ingredients, qualities or characteristics of the goods."

It is submitted that this formulation lends great weight to the contention of the defendant on this appeal, that the words submitted for review are, as stated in the Court below, "descriptive" (R.16a), with the issue of the secondary meaning, determining the propriety of the order appealed from.

To this must be contrasted the holding in J. Kohnstam Ltd. v. Louis Marx Co., 280 F2d 437 (C.C.P.A., 1960) where the constant expenditure of advertising in the attempt to secure secondary meaning was held to be unavailing in the case of a trademark for toys under the name MATCH BOX.

See also, CES Publishing Corp. v. St. Regis Publications Inc., 531 F2d 11 (2nd Cir. 1975) where this Court had no difficulty in holding that CONSUMER ELECTRIC MONTHLY was denied protection against the mark of CONSUMER ELECTRIC PRODUCT NEWS.

In Union Carbide Corp. v. Ever-Ready Inc., 531 F2d 316, 379 (7th Cir. 1976), the mark EVERREADY was opposed by EVER-READY, with reference to high intensity bulbs in blister

packages. The District Court found the trademark involved as merely descriptive. The Circuit Court did not disturb that finding, although it acknowledged that the "issue is close" p. 379. Relief, however, was given to plaintiff upon the secondary meaning accorded to the mark and its use over 75 years in general, and specifically in 10 years, with reference to the high intensity bulbs.

To the same effect are American Aloe Corp. v. Aloe Creme Laboratories, Inc., 420 F2d 1248 (7th Cir., 1970) and Flexitized Inc. v. National Flexitized Corp., 335 F2d 774 (2nd Cir., 1964).

In Aloe Creme Laboratories Inc. v. Milsan, Inc., 423 F2d 845 (5th Cir., 1970), although the plaintiff had used ALO for more than 15 years as a mark, and expanded sales to \$12,000,000.00 annually, it could not prevent defendant from using the words ALOE in combination for a competing product. Where the product is described by the trademark, there was an absence of secondary meaning.

The mark herein is so generic or merely descriptive, that no protection can or should be afforded to it as against the appellant.

POINT II

NO SECONDARY MEANING HAS BEEN ACQUIRED BY THE APPELLEE HEREIN FOR ITS TRADEMARK

As was conceded in Point I, infra, if the trademark

which appellee has acquired is not deemed to be generic, and thus undeserving of registration or protection, A.R.I.C.A. can only sustain its right to the relief obtained in the District Court by an affirmance of the finding that it had acquired a secondary meaning. Simply stated, the appellants respectfully urge that the review of the record and the apposite authorities will reveal that the requirements for the acquisition of secondary meaning just have not been met and the judgment based thereon should be reversed.

At the very outset and by way of anticipatory defense, the provisions of Rule 52(a), 28 U.S.C.A. are not applicable to this appeal and the "clearly erroneous" rule should not be applied to the record where the proof of secondary meaning is based in large measure on exhibits and the testimony of interested witnesses.

Harold F. Ritchie, Inc. v. Chesebrough-Ponds, Inc.
281 F2d 755, (2nd Cir., 1960).

Surgical Supply Service, Inc. v. Adler, 321 F2d 536,
(3rd Cir., 1963).

The Court has, heretofore protected the owner of a mark which has achieved a secondary meaning in a variety of cases such as Harold R. Ritchie, Inc. v. Chesebrough-Ponds, Inc. supra, involving Brylcreem as against Valcream for hairdressings;

Miss Universe Inc. v. Patricelli, 408 F2d (2nd Cir. 1969), Miss U.S.A. as against Miss U.S.A.-World; Miles Shoes, Inc. v. R. H. Macy & Co., 199 F. 2d 602 (2nd Cir. 1952), Gropals as against Groshoe, for children's shoes. It has also declined to extend trademark protection to the competitive use of ordinary and well known words in the English language in such cases as T. R. Wood & Sons v. Reese Jewelry Corp., 278 F.2d 157 (2nd Cir. 1959), Avon Shoe Co. v. David Crystal, Inc. 279 F.2d 607 (2d Cir. 1959), Speedry Products, Inc. v. Dri Mark Products, Inc. 271 F. 2d 646 (2nd Cir. 1955).

There are common threads between these cases which can harmonize the seemingly disparate decisions, such as, the existence or non-existence of secondary meaning, and the good faith of the alleged infringer. Essentially, they rest upon the nature of the mark and the actual use to which it was put by the contending parties.

While it may be argued that a mark whose secondary meaning is in process of being acquired, should be afforded protection, any authority for this proposition always conditions the grant of relief upon additional factors; either that the alleged infringer is guilty of bad faith or is charged with knowledge of the mark and intends to capitalize on the good will of the holder.

3 Callmann, supra, p. 356

Authorities such as Brown & Bigelow, v. Remembrance

Advertising Products, Inc. 279 App. Div. 410, 110 NYS 2d 441 (1st Dept. 1952) and National Lampoon Inc. v. American Broadcasting Co. 376 F. Supp. 733 (SDNY, 1974) aff'd 497 F.2d 1343 (2d Cir., 1974) are not apposite to support the position of the appellee on this issue, because there were factors in each case which sharply distinguish them. In National Lampoon, supra, the well known satirical periodical had been involved with a radio program and was contemplating entering the television field when the defendant, with full knowledge of this, infringed on its mark with an identically named program.

Although each case must stand or fall on the facts contained therein, there are some criteria by which the determination can be made and the following authoritative statement sets forth some of the standards which appellee must be deemed to have met.

"In determining whether a mark has acquired a secondary meaning, it is appropriate to consider (1) the length and manner of its use, (2) the nature and extent of advertising and promotion of the mark and (3) the efforts made in the direction of promoting a conscious connection, in the public's mind, between that name or mark and a particular product or venture."

3 Callman, Unfair Competition, Trade Mark and Monopolies, 3rd ed. p. 349

In determining the length and manner of use by appellee herein, it must be noted that in almost every instance of use herein, there is a connection directly to the name ARICA, so that in the minds of the many thousand users of the Arica course of training, the connection to be made is the mark preceded by the name of the presenter of the course. There is an absolute intention on the part of the appellee to identify the source of the service with its name. This conclusion is heightened by the ready acknowledgement by appellee that the alleged \$300,000.00 expenditure is for the entire program of ARICA courses, only one of which is PSYCHOCALISTHENICS, formerly known by the more prosaic name of "gym". Moreover, the actual difference in the content of the separate programs of the parties here - physical exercise for the appellee and mental exercise for the appellant, serves to distinguish the two marks, even to the most unsophisticated purchaser.

Great weight was lent in the determination of confusing similarity in the decision below to the testimony of experts or those "knowledgeable in book marketing" (R. 19a). Michael Korda, the editor-in-chief of Simon & Schuster, the publisher of the book which ARICA is supposed to publish this Fall, but which has not yet appeared, testified that there would be a

fair amount of resistance to his salesmen in selling the Arica book (R375a), and George J. Goodman, known under the pseudonym of Adam Smith, the author of Powers of the Mind, among other books, stated that there might be some confusion. The other expert Moshe Davidowitz, testified that he was "bemused" in seeing the appellants' book in Doubleday, but immediately recognized no confusion in himself (R.364a, 365a)

It has been long held that the determination of whether a mark has acquired a secondary meaning is a question of fact and not a subject for expert testimony. Speed Products Co., Inc. v. Tinnerman Products, Inc., 222 F2d 61, (2nd Cir, 1955). The burden on the appellee in a situation where the mark is descriptive is very high and it is submitted that this burden has not been met by the testimony of an interested party such as Mr. Korda, and the somewhat less categorical threat of confusion in evidence from the other two witnesses.

The hearsay expressions from Mr. Stroud (R.228a, 229a) which is the only other evidence of alleged confusion, can hardly be evidence to support the finding when he acknowledges that he had not read it, nor seen it, and doesn't know of the book on his own. The net effect of such testimony is further diluted when it is understood that this witness is the administrator of a hospital which contracted with ARICA to have

it furnish exercises to the patients. (R.223a-227a).

This Court cannot hold that the heavy burden which the appellant has in this regard has been met by this totality of testimony.

Although the Court below has cited with approval upon the alleged undisputed testimony of Mr. Korda (R.380a) to the effect that the disclaimer on West's book would not be sufficient, it appears that the choice of words was perhaps infelicitous, since what was intended was the prefix of the author, together with the book in the form of WEST'S PSYCHOCALISTHENICS, as is suggested by Judge Stewart (R.382a).

The authority cited for the proposition that side by side use the name of each author in conjunction with the mark is not really apposite, since in A.T. Cross v. Jonathan Bradley Pens, Inc., 470 F2d689 (2nd Cir, 1972) there was a particularly egregious palming off by defendant there of his pens as the famous CROSS pen of the plaintiff, where the plaintiff had had almost 100 years of good will, and the name LA CROSSE was placed on the box containing the pen, but not on the pen itself. Omega Importing Corp. v. Petri-Kine Camera Corp., 451 F2d 1190 (2nd Cir., 1971) is also not quite in point, since the name EXAKTA for cameras was not only the same for both parties, but it was not prefixed by any identification of the source.

In the Court below, there was a finding that, in spite of the descriptive nature of this service mark adopted by appellee to denominate its physical exercises, a secondary meaning had been earned by its activities with respect to the mark. Although it is not so stated in the opinion, such a holding must mean that the date on which this secondary meaning was, in fact, acquired was co-extensive with the date of alleged infringement by the appellant. 3 Callman, supra., p. 345.

In Hot Shoppes, Inc. v. Hot Shoppes Incorporated, 203 F.Supp. 777 (M.D. Nor. Car. 1962), the critical issue was whether, in Greensboro, North Carolina, the plaintiff, the well known roadside chain of restaurants, had achieved a secondary meaning in 1948, the date on which the defendant, a local restaurant, first established its mark. In holding that it did not, the Court adverted to the fact that after 1949, the plaintiff expended spectacularly and achieved its greater popularity and, perhaps, greater secondary meaning at the time of the commencement of the action, some thirteen years later.

If, as has been suggested above, the date on which the secondary meaning attached cannot be later than 1974 when it is claimed there was an infringement by appellant, the secondary meaning must have attached at that time. Hot Shoppes, Inc.

v. Hot Shoppes Incorporated, *supra*. The record is actually bereft of any credible evidence to support the conclusion that the secondary meaning was acquired in slightly more than a year.

Even the most extraordinary case of Fund of Funds, Ltd.

v. First American Fund of Funds, 274 F. Supp. 517 (SDNY, 1967) where the word spectacular was used to describe the relatively short period of time, some four (4) years went by before the infringement occurred.

In most cases, secondary meaning is a result of a long term, expensive and arduous process, and will not be created or manufactured overnight by acts of the owner of the mark, including intensive advertising.

Miss Universe, Inc. v. Patricelli, *supra* - fifteen years

Union Carbide Corp. v. Ever-Ready, Inc., 531 Fed. 366 (7th Cir. 1976) - sixty-five years.

Hills Bros. Coffee, Inc. v. Hills Supermarkets, Inc., 428 F.2d 379 (2nd Cir. 1970) - forty-eight years

W. E. Bassett Co. v. Revlon, Inc., 435 F.2d 656 (2nd Cir. 1970) - twenty-two years.

Fund of Funds Ltd. v. First American Fund of Funds, 274 F. Supp. 517 (SDNY, 1967), bears some extended treatment since the Court makes reference to the spectacularly short

time in which the plaintiff acquired a secondary meaning in such a relatively short period of time. P. 526. The plaintiff incorporated in 1962 and within four years, or until the entry of the defendant on the scene, with its similar corporate name, the prior user had assets of some \$400,000,000.00, with direct business agents in some 60 foreign countries and representatives in 50 other places. After rejection of a letter of complaint by defendant, the plaintiff commenced action in the State Court, which was remanded to the District Court.

In enjoining the defendant from the use of the infringing name in its title, Judge Motley wrote at page 524,

"This is a rare case in the sense that the plaintiffs have managed to acquire a secondary meaning in a relatively short period of time".

Here, appellee had hardly commenced the first year of its operation, when it sought to appropriate to itself, the use of the descriptive mark created out of the simple combination of two words or roots in common use in the language.

Under only the most violent distortion of the settled case law in this circuit can it be held that the secondary meaning had been acquired at the time of the alleged infringement in 1974, as is alleged in the counterclaim (R.34a). Nothing in this record should support such a departure from

the requirement that a sufficient time elapse for the claimed appropriation of the words to become exclusively the property of the appellee in the field of personal improvement and mental and physical exercise in that direction. Surely one year cannot be held to be sufficient when the bulk of the expenditure of money to promote the ARICA program and its expansion took place between 1974 and the actual trial of the proceedings herein in June, 1976.

The requirement that the use be exclusive during the period of acquisition of secondary meaning again compels the conclusion that appellee cannot be deemed to have appropriated the use later than 1974, since only until that time was the use exclusive if the finding below of first use by appellee is supported by substantial evidence. Although the point is disputed with appellants claiming first use in 1972, at the first meeting of the program in his hotel suite, it must be accepted that the earliest use by appellants was sometime in 1974, thus, the only period of exclusive use which ARICA may claim is that point in time, extending from the date of first use by ARICA to the date of first use of appellants. This calculation results in a period of somewhat less than a year, and ARICA cannot expand this period in seeking the relief given to it

by the Trial Court, which is here being contested.

POINT III

THE JUDGMENT APPEALED FROM WAS OVER-BROAD AND SHOULD BE MODIFIED

A careful analysis of the judgment in the District Court reveals that the relief given to the appellee was far in excess of that which the record entitled it to, even assuming arguendo, that injunctive relief of some sort was appropriate to protect the interest of ARICA (R.5a, 6a).

The WEST group was not only enjoined from using the word PSYCHO-CALISTHENICS for the promotion of its services and products, but directed to cease distributing books and cassettes, commence withdrawal of the offending copies containing the proscribed words from the market place, segregate sales documents, preserve copies of orders, and make same available for inspection. In addition, to deliver up for destruction all printed or recorded matter.

In Fund of Funds Ltd., supra, the Court only permitted the injunction against the defendant to extend to the corporate name, and permitted a partial use of the offending words in the business of the defendant. The Court wrote at p. 523,

"The Court also concludes that the defendant is

entitled to use the words 'fund of fund' or 'fund of growth funds' as a slogan or description of its business activity but not as a part of its corporate name".

It is submitted that this striking of a balance between the competing equities of the parties is a recognition of the good faith of the appellants and a reluctance of the Court to permit the first user to wholly appropriate to itself for such business purposes, descriptive words which are commonly used so as to exclude the rest of the world.

See 3 Callman, *supra*, p. 357.

To the same effect is Miss Universe, Inc. v. Patricelli, *supra*, where a bad faith infringer was permitted to use certain word combinations containing part of the mark to which protection was given.

CONCLUSION

For all of the reasons heretofore advanced, the judgment in the Court below should be reversed in all respects, and judgment entered denying the relief sought by the appellee in its counterclaim.

Respectfully submitted,

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UNITED STATES COURT OF APPEALS
SECOND CIRCUIT

WEST & CO., INC.,

Plaintiff-Appellant-Appellee,

- against -

ARICA INSTITUTE, INC.,
Defendant-Appellee-Appellant.

Index No.

Affidavit of Personal Service

STATE OF NEW YORK, COUNTY OF NEW YORK

ss.:

I, Victor Ortega, being duly sworn,
 depose and say that deponent is not a party to the action, is over 18 years of age and resides at
 1027 Avenue St. John, Bronx, New York
 That on the 13th day of December 19⁷⁶ at 420 Lexington Ave. New York, N.Y.
 deponent served the annexed upon

Kane, Dalsimer, Kane, Sullivan & Kurucz
 the attorneys in this action by delivering a true copy thereof to said individual
 personally. Deponent knew the person so served to be the person mentioned and described in said
 papers as the Attorney(s) herein.

Sworn to before me, this 13th
 day of December 1976

Beth A. Hirsh

BETH A. HIRSH
 NOTARY PUBLIC, State of New York
 No. 41-4623156
 Qualified in Queens County
 Commission Expires March 30, 1977

Victor Ortega

VICTOR ORTEGA